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# THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

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## SUMMARY

Current production prospects point to another large harvest this fall, though adverse growing conditions resulted in some deterioration in crop prospects during August. Output of all crops in 1953 is now indicated to be only a little smaller than last year and the third largest of record. With some increase indicated in production of livestock and livestock products, total farm output may be nearly as large as the record of 1952. In addition, carry-over stocks of farm products are much larger than a year earlier, particularly for wheat, corn, cotton, fats and oils, and manufactured dairy products.

Prices to farmers in mid-August were down 13 percent from a year earlier with prices of both crops and livestock products averaging 13 percent lower. The parity ratio was 93 in mid-August, compared with 103 a year earlier. With lower prices and only slightly larger marketings, farmers' cash receipts in the first 8 months of 1953 were down 6 percent from the same period of 1952.

Economic activity in July and August apparently continued near the record level of the second quarter. Personal incomes rose to a new high in July and probably held near that level in August as total civilian employment climbed. With record consumer incomes and increased use of consumer credit, retail sales in July remained at the advanced rate of the second quarter, about 6 percent above a year ago. Except for the seasonal dip in July, industrial output in recent months has been high. Reports on inventories at the end of July indicate that accumulation of stocks is continuing into the third quarter. Most of the gain was at retail as stocks of autos, home furnishings, and nondurables increased. Wholesale prices of industrial commodities remain fairly stable.

Business outlays for new plant and equipment were scheduled at a record rate in the July-September period--slightly above the second quarter. But reported investment intentions for the last quarter of this year are off about 5 percent from the third quarter rate. Farm investment outlays for machinery and new construction so far this year are well below the same period of 1952 largely because of lower farm incomes. Construction activity in July and August was at a record rate and will likely continue high in coming months despite the gradual downtrend in new housing starts. Spending for National security in July and August indicates some decline in the third quarter from the April-June rate.



## ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1952		1953			
		Year	Aug.	May	June	July	Aug.
Industrial production <u>1/</u>							
Total .....	1935-39=100	219	215	240	240	233	p238
All manufactures .....	do.	230	225	253	253	245	p250
Durable goods .....	do.	280	267	321	320	312	p315
Nondurable goods .....	do.	189	191	199	198	192	p198
Minerals .....	do.	160	156	166	169	165	p170
Construction activity <u>1/</u> #							
Contracts, total .....	1947-49=100	183	207	161	169	172	
Contracts, residential .....	do.	181	193	164	174	175	
Wholesale prices <u>2/</u> #							
All commodities .....	1947-49=100	112	112	110	110	111	111
All commodities except farm and food .....	do.	113	113	114	114	115	115
Farm products .....	do.	107	110	98	95	98	96
Processed foods .....	do.	109	110	104	103	106	105
Prices received and paid by farmers <u>3/</u>							
Prices received, all products...	1910-14=100	288	295	261	259	259	258
Prices paid, interest, taxes, and wage rates .....	do.	286	287	279	276	278	278
Parity ratio .....		101	103	94	94	93	93
Consumers' price <u>2/</u> <u>4/</u> #							
Total .....	1947-49=100	114	114	114	114	115	
Food .....	do.	115	117	112	114	114	
Income							
Nonagricultural payments <u>5/</u> ...	Bill. dol.	249.9	251.9	267.2	268.8	270.5	
Production worker pay rolls <u>2/</u> #	1947-49=100	135.3	134.2	150.0	150.8	149.9	
Weekly earnings of production workers <u>2/</u> #							
All manufacturing .....	Dollars	67.97	67.23	71.63	71.63	71.51	
Durable goods .....	do.	73.04	72.16	77.19	77.42	77.08	
Nondurable goods .....	do.	60.98	61.45	63.20	63.36	63.60	
Employment							
Total civilian <u>6/</u> .....	Millions	61.3	62.4	61.7	63.2	63.1	63.4
Nonagricultural <u>6/</u> .....	do.	54.5	55.4	55.3	55.2	55.5	56.1
Agricultural <u>6/</u> .....	do.	6.8	7.0	6.4	7.9	7.6	7.3
Government finance (Federal) <u>7/</u>	Million						
Income, cash operating .....	dollars	5,950	4,878	5,294	10,185		
Outgo, cash operating .....	do.	6,082	5,622	6,662	7,932		
Net cash operating income or outgo .....	do.	-132	-744	-1,368	2,253		

Annual data for the years 1929, 1932 and 1935-52 appear on page 26 of the April 1953 issue of the Demand and Price Situation.

1/ Federal Reserve Board. Construction activity revised to 1947-49 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Index of change in prices of goods and services purchased by city wage-earner and clerical-worker families to maintain their level of living. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1952 are on average monthly basis. # Revised series. p= Preliminary.



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Commodity Highlights

Cattle slaughter and beef production continue to set new records for each month, with increased slaughter for every class of cattle. Prices of fed cattle will likely hold up well and prices of lower grades will continue relatively low in coming months. Prices of hogs are declining seasonally but will probably stay higher than last fall. Prices of lambs are not likely to improve much while current marketings are seasonally large. Milk production per cow was seriously reduced by hot dry weather in the latter part of August; however, with a larger number of cows on farms, milk flow continued above last year. There have been some fractional increases in wholesale prices for manufactured dairy products. Prices to farmers for manufacturing milk and butterfat have not moved above support levels. Egg supplies, the lowest of the year in September, are shortly expected to increase. Marketings of broilers are from substantially larger placements than a year earlier, and prices are lower. Lard prices declined in the latter part of September after earlier sharp increases. Prices of most fats and oils moved upward during the past month. The price of No. 3 Yellow corn at Chicago in early September was the highest since early in the season. Commercial stocks were small and marketings were reduced. Cash prices for both winter and spring wheat in early September were substantially above a month earlier, but large quantities are expected to go under support. Prices received by growers for fruit in early fall probably will be near the relatively high level of last fall. Slightly smaller supplies of fresh vegetables with about the same general price level as a year ago are expected this fall. Prices received by growers for processing vegetables are expected to average about as high as last year except for tomatoes which may be appreciably lower. Growing conditions as of September 1 indicated a cotton crop of about 15.0 million running bales. With a carryover of 5.5 million bales, the supply for the 1953-54 marketing year is estimated at 20.6 million bales. World consumption of wool during the second quarter was up about 1 percent from the first, the seventh quarterly increase in succession. Mill consumption of apparel wool in the United States during the first half of this year was about one-fifth above last year. Auction prices for flue-cured tobacco for the season through mid-September were nearly 8 percent above the average for the same period in 1952, as demand continued strong.



## GENERAL BUSINESS CONDITIONS

Total production of goods and services in July and August continued near the record level of April-June. Personal income, civilian employment, business expenditures on plant and equipment, construction outlays and business sales continue at record levels. Industrial production apparently is only slightly below the spring level. However, inventories, of durables in particular have accumulated, and manufacturers' order backlogs have been reduced. The annual rate of new housing starts has been declining since early spring.

Consumer Incomes and Spending

Personal incomes rose to a new record annual rate of 288 billion dollars in July, up almost 2 billion from June and 22 billion from a year earlier. The increase was due primarily to larger wage and salary receipts in the commodity producing industries. Nonagricultural employment was at a new high in August and average hourly earnings were only slightly below the record. Personal incomes probably continued at record levels in August as employment rose again and weekly earnings continued large. Incomes for the first 7 months of this year were about 7 percent above a year ago, with largest relative gains in wage and salary receipts and other labor income. Income of proprietors so far this year was less than a year ago, because of smaller incomes of farm proprietors.

Consumer credit outstanding at the end of July totaled 27.2 billion dollars, a gain of 365 million from the end of June and 4.5 billion from a year ago. The increase from last year was almost entirely in installment credit, with expansion of automobile paper the most important factor. The volume of noninstallment credit declined about 200 million dollars during July, and at the end of the month was about the same as a year earlier.

Personal consumption expenditures rose slightly from the first quarter to a new record in the second. Supported by record personal incomes and the continued expansion of installment credit, consumer spending apparently has continued high so far in the third quarter. Retail sales in July after adjustment for seasonal influences, were about the same as the high average of the first half of the year, and about 6 percent above a year earlier. Department store sales in August were about equal to a year earlier. However, sales by department stores in June and July were 4 percent above the same months of 1952.

Investment Spending Continues High

Total private investment outlays rose to an annual rate of 61 billion dollars in the second quarter, 5 percent more than the previous record in the fourth quarter of 1952. A large part of the gain resulted from inventory accumulation, but spending for both new construction and producers' durable equipment was at record levels.



Investment outlays in the third quarter apparently continued at the advanced levels of the previous 3 months. Business expenditures for new plant and equipment were scheduled at an annual rate of 28.4 billion dollars, 1 percent above April-June, according to a recent Securities and Exchange Commission and Department of Commerce release. Outlays by manufacturing and mining industries, and transportation other than railroads were higher than in the second quarter; those of railroads, public utilities, and the "commercial and other" group--which includes trade, service, finance, communication and construction--were about the same. Investment expenditures in the third quarter may be at a peak; according to businessmen's anticipations, outlays in the fourth quarter will be down about 5 percent from the third quarter rate, with lower expenditures for all major groups except mining and the commercial and other group.

Lower incomes have contributed to smaller farm investment outlays this year. Purchases of tractors and agricultural machinery expanded rapidly in the postwar years, reaching a peak in 1951 and declining somewhat in 1952. However, in the first 7 months of this year, industry reports indicate that retail sales of tractors and farm equipment dropped--possibly 12 to 15 percent from the same months of 1952. Part of the decline can be attributed to smaller purchases of heavy equipment in the southwest because of the drought. A drop in production of farm equipment followed closely on the heels of smaller sales. Output the first half of 1953 was reported to be more than one-tenth below a year earlier and more than a fifth lower than the peak in the first half of 1951.

Expenditures for new construction continued at record levels in August, about 7 percent above August 1952. However, the July-August increase was somewhat less than expected for this time of year, largely because of a drop in private housing. Dollar outlays for private residential construction declined for the second successive month, reflecting a downturn in housing starts during the preceding 3 months. New housing starts in August were at a seasonally adjusted annual rate of 970,000, 20 percent below the recent peak rate of February. Commercial building, continuing the sharp upward movement of the past several months, rose considerably more than seasonally. Private spending on industrial building leveled off, after having declined steadily since early spring. Gains in road building and in privately owned public utilities were about seasonal. Expenditures for military and naval facilities and for public industrial plant remained unchanged from July. For the first 8 months of this year, new construction expenditures totaled nearly 8 percent above the amount for the same period in 1952. Physical volume also was up moderately from last year.

Investment in inventories was at an annual rate of almost 9 billion dollars in the second quarter, nearly equaling the gain in gross national product in that period. Apparently inventory accumulation continued in the early part of the third quarter. Business inventories totaled 78.1 billion dollars at the end of July. The increase of about 150 million dollars in manufacturers' inventories during July was in line with the gain in sales. But inventories at the retail level expanded nearly 500 million dollars, relatively more than the advance in sales. Most of this gain was in automobiles and home furnishings but the value of nondurable



inventories increased nearly 200 million dollars over the month. The stock buildup has already brought curtailed production of automobiles, household goods, other consumer durables, and in the steel industry.

### The New Budget for Fiscal 1953-54

Government outlays for goods and services by Federal, State and local Government in the first half of 1953 were at an annual rate of nearly 83 billion dollars, about 22.5 percent of the gross national product.

According to the review of the 1954 budget released on August 27, federal budget expenditures will be less in fiscal 1954 than in fiscal 1953. Federal appropriations and other authorizations to spend (new obligational authority) for fiscal 1954 total 63.2 billion dollars, down about 17 billion from fiscal 1953 and less than estimated expenditures for the first time since 1948. In addition to these new authorizations to spend, there was a carryover of unexpended balances into the current fiscal year of some 81 billion dollars. Estimated budget outlays of 72 billion dollars are down about 2-1/2 billion from fiscal 1953.

Expenditures for military functions of the Defense Department in fiscal 1954 are scheduled at 41.7 billion dollars, 1.9 billion below fiscal 1953. But this decline is partly offset by an increase of about 1/2 billion dollars each for the Mutual Security Program and Atomic Energy Commission so that outlays for major national security programs are about 1 billion dollars below fiscal 1953. Moderate declines, totaling around 1-1/2 billion dollars, are scheduled in fiscal 1954 for most nondefense expenditure items. It should be pointed out that the above estimates do not anticipate adjustments which may result from security studies undertaken by the new Joint Chiefs of Staff, on which recommendations will be made to the Secretary of Defense, the National Security Council, and the President.

Budget receipt estimates which reflect proposed tax cuts in 1954, are at a new high of 68.3 billion dollars for fiscal 1954. These revenue and expenditure plans indicate a Federal deficit of 3.8 billion dollars compared to almost 9.4 billion in fiscal 1953. When adjustments are made for some noncash items and for cash trust receipts and expenditures, the cash income and outgo of the Government indicates a cash deficit for fiscal 1954 of about 1/2 billion dollars.

### Output and Employment

The gross national product--the output of the Nation's economy valued at current prices--totaled 372 billion dollars in the second quarter, 10 billion higher than in the first and 27 billion more than in April-June 1952. If allowance is made for changes in prices, which were small, most of the advance represented a gain in real output. Total output of goods and services is continuing at a high rate in the July-September quarter, even though production of some products was curtailed somewhat because of high inventories and a weaker demand.



The Federal Reserve Board index of industrial production dropped to 233 (1935-39=100) in July as many factories and mines were shut down for summer vacations. This drop was about the usual. <sup>1/</sup> In August, the index rebounded to 238, but failed to reach the level of June. Production of durable goods continued below the spring level. Output of passenger cars declined 13 percent from July, but assemblies totaled 518,000 units, still a very high figure for this time of year. Truck production in August was down sharply from July, but steel production rose from 93 percent of rated capacity in July to 94 percent in August. Farm machinery production apparently was reduced further, and output of household goods continued at the curtailed May rate, about 13 percent below the recent peak output of February.

Output of nondurable goods industries generally recovered in late July and early August, following sharp seasonal curtailments in the first half of July. Paperboard production in early August was at a new peak rate. Minerals production apparently returned in August to about the high June level, as coal output increased sharply after the vacation shut-down in early July, and crude petroleum output reached new record levels.

Manufacturers' sales rose about 2 percent in July (after seasonal adjustment) and were the second highest of record. Gains were registered for both durable and nondurable goods. However, backlogs of unfilled orders are falling; new orders have run behind sales since March.

#### Employment At New High

Total civilian employment rose to a new high of 63.4 million in early August, 300,000 above July and 600,000 higher than in August 1952. The number of hired farm workers declined more than usual, but the number of farm family workers was up more than seasonally. Nonagricultural employment rose seasonally to a new record of 56.1 million. The unemployed in August numbered 1.24 million, only 1.9 percent of the labor force and the lowest figure of the postwar period. However, nonagricultural employment in August, after adjustment for seasonal factors, was about 1 million less than March, the month in which industrial production and new construction outlays were at seasonally adjusted peaks.

#### SUPPLIES OF FARM PRODUCTS

Current production prospects point to another year of high agricultural output. Adverse growing conditions in the Central, Southwestern and Virginia-Carolinas area resulted in some deterioration in crop prospects during August. However, the crop output now indicated is only slightly smaller than last year and the third largest of record. With some increase likely in production of livestock products, particularly beef and milk, total farm output this year may be nearly as large as the record outturn in 1952.

<sup>1/</sup> The index is seasonally adjusted but present allowances for seasonal variation do not adequately reflect the postwar movements.



In addition to the prospective large crop, stocks of many farm products at the beginning of the 1953-54 marketing year are sharply higher than a year earlier and well above recent averages. Mid-year holdings of butter and nonfat dry milk solids were about 3 times those of last year, and the milk equivalent of manufactured dairy product stocks was more than double that of 1952. The carryover of wheat into the 1953-54 marketing year totaled nearly 560 million bushels and was more than double that in July 1952. Cotton stocks, at 5.5 million bales on August 1, were approximately double those of a year earlier. Carryovers of fats and oils are expected to be up 75 percent and corn 65 percent. Total stocks of feed grain at the beginning of 1953-54 probably will be about one-third higher than the year before.

With large supplies of many farm products, Government price support operations were an important factor in keeping prices for many products from dropping more than they did in the past year. Approximately 460 million bushels of 1952 crop wheat moved under loan and purchase agreement programs, nearly 2.3 million bales of cotton, and some 416 million bushels of corn. CCC purchases of cottonseed products represented about 50 percent of the 1952 crop crushed. From April 1 through August 31, the Department of Agriculture purchased 213 million pounds of butter, 176 million pounds of cheese and 320 million pounds of dry milk.

Government support operations are expected to continue an important factor influencing prices in the coming marketing year. Average prices received by farmers in mid-August for flue-cured tobacco, rice, cottonseed, and dry edible beans were above the price support levels for 1953 crops and prices received for cotton and wool were near supports. However, grower prices for many other crops--wheat, corn, oats, soybeans, and barley--were substantially below loan levels.

#### COMMODITY PRICES

The index of Prices Received by Farmers declined 1 point during the month ending August 15, and at 258 percent of the 1910-14 average, was 13 percent less than August 1952. Lower prices over the month for cattle, hogs, and lambs were nearly offset by higher prices for milk, eggs, cotton, and lettuce. The Parity Index (Prices Paid, Interest, Taxes, and Wage Rates) remained unchanged during the month at 278 percent of its 1910-14 average. Prices of family living items advanced, but prices of items used in farm production declined and wage rates held steady at July levels. With no change in the Parity Index during the month, and only a very limited decline in prices received for farm products, the Parity Ratio remained at 93, the same as in July but 10 points below August 1952.



Table 1.- Group indexes of prices received and paid by farmers,  
August 15, 1953 with comparisons

Group	(1910-14=100)				
	: Aug. 15, 1953	: July 15, 1953	: Aug. 15, 1952	: Aug. 15, 1953 per-	: Aug. 15, 1953 per-
				centage change from	centage change from
				July 15, 1953	July 15, 1952
All farm products	258	259	295	1/	-13
All crops	237	237	272	0	-13
Food grains	215	218	236	-1	-9
Feed grains and hay	198	197	233	+1	-15
Cotton	277	269	319	+3	-13
Tobacco	430	426	436	+1	-1
Oil-bearing crops	262	268	310	-2	-15
Fruit	250	207	206	+21	+21
Truck crops	221	216	229	+2	-3
Other vegetables	180	196	361	-8	-50
Livestock and products	276	280	316	-1	-13
Meat animals	305	318	372	-4	-18
Dairy products	267	261	295	+2	-9
Poultry and eggs	230	223	225	+3	+2
Wool	298	303	292	-2	+2
Prices paid, interest, taxes					
and wage rates	278	278	287	0	-3
Family living items	273	271	273	+1	0
Production items	249	250	274	1/	-9
Parity ratio	93	93	103	0	-10

1/ Less than 0.5 percent decrease.

Prices for many grains at central markets in mid-September were lower than mid-August. Prices for rye and barley at Minneapolis were down substantially; wheat at Kansas City and soybeans at Chicago were down slightly. Prices for Long Island potatoes in the New York market were down about 10 percent, and commercial vegetables were considerably lower as marketings were seasonally heavy. Average weekly prices at Chicago for steers were up 6 percent, barrows and gilts up about 1 percent, and utility cows about unchanged from a month earlier. The 10-market average for Middling 15/16 inch cotton was fairly steady during the period. Prices for corn and butterfat were up slightly, and midwestern eggs and flaxseed were up substantially from mid-August.

The wholesale price index for all commodities in mid-September was about the same as a month earlier. Prices for both farm products, processed foods and the all other than farm and food group were about unchanged. Compared with a year earlier, farm prices were down 8 percent and processed food 4 percent. But these declines were about offset by a 2 percent higher average for prices of all other commodities.

Table 2.- Indexes of wholesale and basic commodity prices, selected groups September 15 with comparisons

(1947-49=100)					
Group	Sept. 15,	Aug. 18,	Sept. 16,	September 15, 1953	
	1953	1953	1952	percentage change from	
				Aug. 18, 1953	Sept. 16, 1952
<u>22 Basic commodities</u>					
All commodities	89.7	89.0	95.1	+0.8	-5.7
Foodstuffs	98.3	93.5	90.8	+5.1	+8.3
Raw industrial	84.1	85.9	98.1	-2.1	-14.3
Livestock and products	76.2	68.5	67.2	+11.2	+13.4
Metals	89.2	95.1	114.5	-6.2	-22.1
Textiles and fibers	87.5	90.9	98.2	-3.7	-10.9
Fats and oils	70.6	61.4	62.8	+15.0	+12.4
<u>Wholesale prices</u>					
All commodities	110.8	110.8	111.3	0	-.4
Farm	97.9	97.7	106.2	+.2	-7.8
Food, processed	105.6	105.3	110.0	+.3	-4.0
All other than farm and food	114.6	114.8	112.7	-.2	+1.7

The index of prices for the 22 basic commodities on September 15 was about 1 percent higher than in the middle of August. Increases of more than 35 percent in the price of lard and 20 percent in the price of tallow were largely responsible for the gain. Prices for copper scrap were up 9 percent, but metal prices averaged 6 percent lower as the price for steel scrap sank 20 percent and other metals in the index also were down. The textiles and fibers index was nearly 4 percent below a month earlier, primarily because of lower prices for burlap. Commodity prices in September averaged about 6 percent below a year earlier, as substantially lower prices for metals and textiles and fibers were only partly offset by increased prices for livestock and products.

The index of urban consumer prices inched upward to new highs in June and July, largely on the strength of higher charges for rent, medical care and transportation. Prices paid by farmers for family living items rose during the month ending August 15, to reach the all-time high recorded a year earlier. Prices for food and household supplies were up, and clothing also rose as new fall lines and back-to-school purchases supported a seasonal increase in buying.



## FARM INCOME

Farmers received about 17.7 billion dollars from marketings in the first 8 months of 1953, down 6 percent from the corresponding period in 1952. Average prices were about 10 percent lower, but the volume of marketings was up a little. Receipts from livestock and products were around 11.0 billion dollars, 7 percent under a year ago. Lower average prices for cattle held receipts from meat animals 14 percent below last year. Dairy receipts were down 5 percent. Milk marketings were up, but prices averaged 9 percent lower. Receipts from poultry and eggs, however, were 11 percent above a year ago, mostly because of higher average egg prices. Crop receipts for the 8-month period were 6.7 billion dollars, down 4 percent from last year, largely because of lower prices.

Total receipts in August were around 2.7 billion dollars, 7 percent above July but 7 percent below August 1952. Receipts from livestock and products were about 1.4 billion dollars, 4 percent more than in July but 5 percent less than a year ago. Crop receipts in August are estimated at 1.3 billion dollars, up 12 percent from July because of seasonally larger marketings, but 10 percent below August of last year, principally because of lower prices.

## LIVESTOCK AND MEAT

Cattle slaughter and beef production continue to set new records for each month. Slaughter of every class of cattle has increased over last year but steer slaughter is up most. The rise in slaughter of cows apparently has not been enough to reduce the beef cow inventory this year. The cattle inventory next January 1 probably will be little if any larger than last January but will likely include a few more cows.

Total marketings of cattle will continue seasonally large for 2 or 3 months. However, they are not expected to be as much above last year as they have been in recent months, chiefly because the number of fed cattle marketed will not be greatly above a year earlier. Feedlots have not been filled at as fast a rate as last year while marketings to date have been greater. Most of the increase over last year in total cattle slaughter will be in grass cattle.

Prices of fed cattle will likely hold up well. Prices of lower grades of cattle probably will continue below an average relationship with prices of the higher grades, as neither feeder nor slaughter demand is likely to be strong enough to bring a substantial rise until the peak marketing season is past.

Hog slaughter is increasing seasonally but will remain below last fall. Prices of hogs are on a seasonal decline, but they will probably stay higher than at corresponding times last fall.

Marketings of sheep and lambs are still above last year and point to a small reduction in numbers on farms this year. Lamb prices are not likely to improve much during the present period of seasonally large marketings.



## DAIRY PRODUCTS

Milk production per cow was reduced by hot and dry weather in the latter part of August. But with more milk cows on farms, the total flow of milk was still 2.5 percent above August 1952. The annual rate of milk production in the last 3 months has been between 115 and 116 billion pounds. Last summer the rate increased from July to August and continued to rise to 123 billions by the end of 1952. This year's supplies of roughages and concentrates will permit continued high output of milk, though the annual rate probably will not reach levels of last winter. Production for 1953 as a whole will be around 118 billion pounds.

Consumption of fluid milk and cream is running near the 1952 level, but use in some manufactured products is below last year. Through August, output of butter, American cheese and nonfat was considerably in excess of the 1952 rate; in early September production of butter and cheese declined more than seasonally. Sales to Government continue, though in somewhat smaller volume than in past months.

Commercial supplies of most manufactured dairy products in wholesale markets are in better balance with demands, and in the past month there have been some fractional price increases. Prices to farmers for manufacturing milk and butterfat have not moved above support levels.

The average price received by farmers for milk delivered to plants and dealers was \$4.22 per 100 pounds in August, compared with \$4.78 a year earlier. The increase since June has been somewhat less than seasonal. Prices probably will continue to rise less than usual in view of excess of supplies over prospective consumption.

From April 1 through August 31, the Department of Agriculture purchased 213 million pounds of butter, 176 million pounds of Cheddar cheese, and 320 million pounds of nonfat dry milk. Including quantities purchased in the 1952-53 marketing year, stocks held as of August 31 consisted of 276 million pounds of butter, 245 million pounds of American cheese and 422 million pounds of dry milk.

## EGGS AND POULTRY

Egg production in September probably was at the seasonal low for the year, and production will rise seasonally in coming months.

Recent prices of fresh eggs have been at or slightly above year-ago levels. Average prices received by farmers in August were 15 percent above the springtime average, compared with an increase of almost 40 percent in the same period a year earlier. However, prices in the spring of 1953 were far above those of last spring, and the mid-August 1953 price was 50.2 cents per dozen, 2 cents above August 1952. Most egg price changes in the 5 weeks following mid-August were upward.

Marketings of poultry meat are increasing seasonally, and part of the current slaughter of hens, young farm chickens, and turkeys is being stored. Storage stocks of chickens are the lowest for the season in 3 years; but September 1 turkey stocks, 6 percent above that date in 1952, are the second highest on record.



Most classes of poultry meat are finding a favorable demand in consumer markets. Present broiler marketings are from placements that were 12 to 15 percent above a year ago, and August prices received by farmers were 28.0 cents, 3 cents below August 1952. However, the price decline is partly offset by lower feed costs. Farm chickens are bringing about the same price as last year.

Turkey prices, at the beginning of the season for marketing maincrop 1953 turkeys, were also at about the same level as in the corresponding month of 1952. The crop this year numbers 8 percent fewer birds than last year's record. The decline in the total weight of turkeys raised will be even greater, since average weight per turkey raised is expected to be lower.

#### FATS, OILS, AND OILSEEDS

Prices of most fats and oils moved upward during the past month. Reflecting a sharp reduction in production, lard prices have more than doubled since January when the low point of the crop year was reached. However, in the latter part of September lard prices declined from the high reached earlier in the month. During most of the present crop year, cottonseed oil sold for a larger than usual premium over soybean oil. This reflected reduced commercial supplies of cottonseed oil, as about half the oil produced from the 1952 cottonseed crop was delivered to CCC under the cottonseed support program. In recent weeks soybean oil prices have risen, reflecting some end of season tightness. This has reduced the price differential between these two oils somewhat, but it is still greater than "normal."

It was announced on September 1, 1953 that CCC stocks of cottonseed oil will not be sold through June 30, 1954 for domestic use at less than 14 cents per pound, crude basis. This is about 3/4 cent above the current market level. Through mid-September, CCC sold about 52 million pounds of cottonseed oil (crude and refined), most of it during the past 2 months. As of this date, about 30 million pounds of 1953 crop cottonseed oil had been tendered to CCC under the 1953 cottonseed support program.

Prices of flaxseed have increased about 40 cents per bushel since the latter part of August but still are moderately below support. Flaxseed from the 1953 crop is not available except at higher prices, as trade reports indicate producers are placing most of the current crop under support programs. The increased cost of flaxseed is being reflected in higher prices of linseed oil.

#### CORN AND OTHER FEED

Corn prices advanced during August, while prices of a number of other feeds declined. The price of No. 3 Yellow Corn at Chicago was close to \$1.70 per bushel in early September, the highest since early in the season. Small commercial stocks and decreased marketings of corn have contributed to the recent rise in the market price. In addition, dry weather over much of the Corn Belt reduced 1953 corn prospects. A seasonal decline in corn prices is expected during the next month or so as the 1953 crop is harvested. Prices of sorghum grains, wheat millfeeds, oilseed meal, and fish meal all



declined in late August and early September. Prices of most feeds continue substantially below a year earlier. The average price received by farmers for feed grains in mid-August was 15 percent lower than on that date last year. Prices paid by farmers for all feeds purchased averaged about 12 percent lower and prices paid for oilseed meals and wheat millfeeds were down about 15 to 25 percent.

Hot, dry weather during August reduced 1953 production of corn and some other feed crops. Production of feed grains was estimated on September 1 at 118.4 million tons, 3.5 million tons less than on August 1 and a little below 1952 production. The corn crop was estimated in September at 3,216 million bushels, 114 million bushels lower than a month earlier. A crop of this size would result in a 1953-54 corn supply of about 4.0 billion bushels, 5 percent larger than last year, but slightly below the record supply in 1949-50.

The supply of all feed concentrates, including grains and byproduct feeds for 1953-54 is estimated at 173 million tons, a little larger than in 1952-53 and 6 percent above the 1946-50 average. With slightly fewer grain consuming animal units in prospect the estimated supply per animal unit is 4 percent larger than a year earlier.

#### WHEAT

Cash winter wheat prices by September 8 had advanced about 15 cents from the low level on August 10, preceding the referendum vote. Since September 8, however, about half of this advance has been lost. Prices of spring wheat reached a low point on August 19, and by September 22 they had advanced about 26 cents. Spring wheat farmers have maintained a very tight holding policy during harvest. It is expected that the quantities of 1953 crop wheat which will be placed under support programs may exceed the record 460 million bushels in 1952-53.

On September 22 the price of No. 2 Hard Winter Wheat at Kansas City, ordinary protein, was \$2.14, 25 cents under the effective loan rate after allowing for storage charges of 10 cents per bushel. At the same time, the price of No. 2 Soft Red Winter at St. Louis, reflecting very large supplies of this class of wheat, was \$1.91, or 52 cents under the effective loan. The price of No. 1 Dark Northern Spring ordinary protein at Minneapolis was \$2.32, or about 11 cents below the effective loan after allowing for storage charges.

Total domestic wheat supplies for the marketing year which began July 1, 1953 are now estimated at about 1,729 million bushels, consisting of a July 1, 1953 carryover of old wheat of about 560 million and a crop estimated as of September 1 at 1,169 million. This would be the largest domestic supply on record and 8 percent above the previous peak of 1,600 million bushels in 1942-43, 12 percent above the 1,547 million bushels of 1952-53. Domestic disappearance for 1953-54 is estimated at about 700 million bushels, slightly more than the 692 million of 1952-53. If exports total about 260 million and imports 5 million, about 775 million would be left for carryover on July 1, 1954. This would be 23 percent above the record of 631 million in 1942, and 39 percent above the 559 million for July 1, 1953. On the basis of early season prospects, U. S. exports may range between 250 and 275 million bushels.



## FRUIT

Prices received by growers for fruit in early fall probably will average near the relatively high level of last fall. Despite large harvest-time supplies, strong demand for processing, especially for apples, will tend to sustain prices. As a result, prices for fresh market apples probably will average about as high as a year earlier and prices for canning apples will be higher. With production of fall and winter pears moderately larger than in 1952, prices this fall for pears generally probably will be near the levels of a year earlier. But prices for the smaller grape crop are expected to continue higher this fall. The 1953 cranberry crop is record large, and prices probably will average lower than last fall, even though strong demand both for fresh use and for canning is expected.

Demand for 1953-54 crop Florida oranges is expected to be strong this fall, partly as a result of much smaller carryover stocks of canned and frozen citrus juices than a year earlier. During early fall, grower prices for Florida oranges probably will be about the same as a year earlier. Market prospects for grapefruit are less favorable than for oranges and prices probably will average under those in the fall of 1952. This assumes continued favorable growing conditions and increased production. The first official forecast of the new crop will be released in October. With remaining supplies of 1952-53 crop California Valencias larger and sizes averaging smaller than a year ago, prices are likely to continue under those of the fall of 1952.

Although hot, dry weather in August and early September reduced prospects for the 1953 deciduous crop, production still is expected to total nearly as large as in 1952. On the other hand, prospects improved for a record crop of pecans, and total production of tree nuts now is expected to be a little larger than in 1952 and slightly above the record in 1949. To encourage the exportation of raisins in the 1953-54 season, when output again will be above usual domestic requirements, the United States Department of Agriculture inaugurated an export-payment program for 1953-pack processed raisins effective September 1, 1953. Under a similar program for the 1952 pack, about 88,000 tons were exported.

## COMMERCIAL VEGETABLES

For Fresh Market

Slightly smaller supplies of fresh vegetables are expected this fall than last, with about the same general level of prices as a year ago. Heavier production of cabbage, cauliflower and green peas are expected to be offset by significant reductions in output of fall carrots, cucumbers, lettuce, and tomatoes. The late-summer crop of onions, estimated as of September 1 at only 7 percent below the record crop in 1946 and 20 percent larger than a year ago, indicates abundant supplies of onions for storage and sale this coming winter.

For Commercial Processing

A generally ample supply of canned and frozen vegetables is indicated for this fall and winter. Canned vegetable stocks held by canners and



wholesale distributors, according to the most recent reports available, are larger than a year earlier for sweet corn, tomatoes, tomato juice, and most other tomato products, and for many less important vegetables. But stocks are smaller than a year earlier for canned snap beans, green peas, lima beans, spinach, and tomato pulp and puree. Production reports thus far available indicate combined crops for 1953 canning and freezing will be larger than last year except for sweet corn and spinach (winter and spring harvest areas only), which are slightly smaller and tomatoes which are much smaller. Prices received by growers for processing crops this year will not be reported until December but are expected to average about the same as last year except for tomatoes which may be appreciably lower. Not much change in the general level of retail prices of canned and frozen vegetables is expected in the next few months.

#### POTATOES AND SWEETPOTATOES

The 1953 potato crop is now expected to total 381 million bushels compared with 346 million last year. The outlook this fall is for potato prices to continue well below those of a year earlier. Potato production in the Eastern States, Maine in particular, is in relatively greater surplus this year over last than in Western States. The Maine crop is one-third larger than last year, while the Idaho crop is slightly smaller. Prices this year also are farther below last year for potatoes from Eastern than from Western States. In mid-September, New York City terminal market prices for Long Island Cobblers were \$1.80 per cwt., compared with \$4.45 a year earlier. Idaho Russet Burbanks brought \$5.08 compared with \$6.79 on the same date in 1952.

The 21 percent larger sweetpotato crop this year, now beginning to move to market, is being reflected in lower prices. Season average prices received by farmers for both potatoes and sweetpotatoes of the 1953 crops are expected to average lower than those for the 1952 crops.

#### DRY EDIBLE BEANS AND PEAS

The 1953 bean crop, estimated at 17.3 million bags (uncleaned basis), is less than the annual average disappearance of beans in the last few years, but is expected to be 3 percent larger than the 1952 crop. With demand remaining strong, prices for beans are expected to continue relatively high through 1953. Nevertheless, grower prices for beans in mid-August, at \$9.43 per cwt., were \$1.07 per cwt. lower than in mid-July, largely because prices for pinto beans adjusted downward in anticipation of a larger new crop. Crop production prospects are generally better than last year in most of the States important in production of pintos.

Little change has occurred in prices received by farmers for dry peas so far this season. The 1953 crop is estimated to be 28 percent larger than the small 1952 crop and prices for the season are expected to average lower than those for the 1952 crop.

#### COTTON

The 1953 cotton crop, forecast at 15 million running bales (15.2 million 500 pound bales) as of September 1, is about the same as the 1952 crop. The supply of cotton for the 1953-54 crop marketing year will probably be



about 20.6 million bales, about 13 percent larger than that of the preceding season. The carryover on August 1, 1953 of 5.5 million bales was 2.7 million larger than on August 1, 1952. Disappearance is expected to be between 12.2 and 13.5 million bales. In this case the carryover on August 1, 1954 would increase to between 7.1 and 8.4 million bales. The largest previous post-World War II carryover was 7.3 million bales on August 1, 1946.

Prices of cotton have been very close to or less than the support price since the first part of August. The average support price for mid-ling 15/16 inch cotton at the 10-spot markets is 32.99 cents per pound. The average spot price at these markets during August was 32.98 cents and during the first 21 days of September has ranged between 32.69 and 32.96 cents per pound.

The rate of mill consumption of cotton increased seasonally from July to August. The average daily rate was 22.6 percent higher than in July but 2.9 percent lower than in August a year ago.

#### WOOL

Prices of wool at the opening sales of the 1953-54 season in Australia ranged from about the same to about 5 percent above prices at the closing sales last June. Prices since then have fluctuated near the closing June levels.

Quotations for Australian and Montevideo wools at Boston in mid-September were the same as in mid-August. Quotations for Buenos Aires wools (5's and 5/6's), however, were up about 10 percent over a month earlier. Boston quotations for domestic wools changed but little between mid-August and mid-September.

Commercial sales of wool acquired by CCC under the 1952 support program may now be made at not less than the higher of (1) the current market price, or (2) 103 percent of the appraisal value.

The mid-month average of prices received by growers for shorn wool declined somewhat during both July and August. The mid-August average of 53.0 cents per pound was the same as a year earlier and 2.6 cents below the 55.6 cents at mid-June. About 31 million pounds of 1953 shorn wool were under loan under the 1953 price support program as of August 31.

World consumption of wool during the second quarter is estimated to have exceeded that of the first by about 1 percent. The quarterly increase was the seventh in succession since the post-Korean low of the third quarter of 1951.

Mill consumption of apparel wool in the United States during the first half of this year was about one-fifth above last year. Mill use of carpet wool was up almost one-third. The weekly rate of mill use of apparel wool during June was about 15 percent above a year earlier. The rate for carpet wool was almost double that of a year earlier.

United States imports of dutiable (apparel) wool for consumption during June, as in the two previous months, were below a year earlier. The



total for the first half of the year was about one-tenth below last year. Imports of duty-free (carpet) wool during each of the first 6 months of this year exceeded those of the corresponding months of last year. The total for the first half of the year was about one and one-half times that of last year.

### TOBACCO

The demand for flue-cured tobacco is expected to continue strong. Flue-cured prices for the season through mid-September averaged 54.7 cents per pound--nearly 8 percent above the average for the comparable period in the 1952 season. According to the September 1 indication, the flue-cured crop may total only 1,225 million pounds--10 percent lower than last year's crop and the smallest in 4 years. The long period of dry weather reduced yield prospects in Virginia and in the Old Belt of North Carolina. However, the flue-cured carryover is larger so the total supply for 1953-54 probably will be only slightly below the 1952-53 level.

September indications for Burley tobacco pointed to a crop of 579 million pounds--11 percent below the record crop of 1952. The increase in carryover will raise the 1953-54 total supply a little above the 1952-53 level.

Flue-cured, Burley, and Maryland are the principal cigarette types. Cigarette output in the year ending June 30 was a record 437 billion but output in the April-June quarter was 3 1/2 percent lower than in the same quarter of 1952. However, cigarette consumption is expected to remain high and the trend to more "king" size cigarettes, which require more tobacco per unit than standard length, is likely to continue.

Cigar output increased nearly 4 percent from 1951-52 to 1952-53 but output of smoking, chewing, and snuff declined 6, 2, and 3 percent, respectively.

September growing conditions indicated a Pennsylvania cigar filler crop a little below last year's relatively small crop. In the Connecticut Valley, a larger Havana Seed crop than last year is in prospect; but for most other cigar types, the 1953 harvestings may be a little less than in 1952.

The fire-cured and dark air-cured crops probably will be below last year's with lack of rainfall being a factor, particularly in the case of the Virginia fire-cured tobacco.

In the fiscal year ending June 30, exports of unmanufactured tobacco totaled 448 million pounds (export weight)--14 percent below 1951-52 and 6 or 7 percent below the previous 2 years. Exports in 1953-54 are expected to be at least as large as in 1952-53.



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